

Message Text

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SUBJ: SPECIAL UNCTAD/FAO AD HOC CONSULTATIONS ON BANANAS - ROME

MAY 21 - 24

PASS USDA AGRICULTURAL MARKETING SERVICE

FROM UNCTAD/FAO BANANA DEL

1. /SUMMARY/ SUBGROUP ON STATISTICS MEETING UNVEVENTFUL WITH MOST MAJOR IMPORTING COUNTRIES, INCLUDING U.S., CITING DROP IN BANANA IMPORT PROJECTIONS IF CURRENT PRICES PREVAILED. AD HOC CONSULTATIONS MORE CONTENTIOUS AND HIGHLIGHTED BY REPORTED SPLIT BETWEEN THE ECUADORIANS AND CENTRAL AMERICANS (COLUMBIA INCLUDED) ON BANANA EXPORT TAX. OTHER PRODUCERS, SPECIFICALLY PROTECTED SUPPLIERS, ALSO REPORTEDLY CRTICIZED CENTRAL AMERICAN GROUP RESPONSIBLE FOR UNILATERAL ACTION ON APPLICATION BANANA TAX. US DEL AND OTHER FREE-MARKET IMPORTER DELEGATIONS REPEATED CRITICISM IN PLENARY. MUCH OF TIME IN AD HOC CONSULTATIONS SPENT WAITING FOR EXPORTERS TO NEGOTIATE AMONG THEMSELVES TERMS OF PROPOSAL TO PLENARY FOR SETTING UP WORKING PARTY OF EXPORTERS WITHIN SUBGROUP OF EXPORTERS. DESPITE LATE THURSDAY EVENING SESSION, NECESSARY HOLD MEETING OVER ONE DAY TO

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COMPLETE FINAL REPORT.

2. MEETING OF SUBGROUP ON STATISTICS PRECEDED AD HOC SPECIAL SESSION. MOST MAJOR FREE-MARKET IMPORTING COUNTRIES SUPPLIED BY LATIN AMERICA REPORTED THAT 74 AND 77 IMPORTS WOULD BE REDUCED IF CURRENT BANANA PRICES PREVAILED. SECRETARIAT AND ESPECIALLY CHAIRMAN (PRIESTER - JAMAICA) ATTEMPTED UNSUCCESSFULLY TO PRESSURE IMPORTERS INTO INCREASING THEIR ESTIMATES. FOR 74, 1.1 MILLION METRIC TONS AND FOR 77, 2.2 MILLION METRIC TONS EXCESS EXPORT AVAILABILITY PROJECTED.

3. SPECIAL SESSION BY FAR MORE CONTENTIOUS DUE PRIMARILY TO PROPOSAL OF SUBGROUP OF EXPORTERS TO ESTABLISH WORKING PARTY WITHIN ITS SUBGROUP. THE PROPOSAL CITED THE PANAMA AGREEMENT, LOW BANANA PRICES AND DETRIORATIONOF LATIN AMERICAN BANANA TRADE AND CONCLUDED THAT A WORKING PARTY OF EXPORTERS SHOULD BE FORMED TO FORMULATE SPECIFIC PROPOSALS TO COORDINATE PRODUCTION AND ACHIEVE BETTER PRICES FOR OTHER MARKET OBJECTIVES. EXPORTER PROPOSAL WAS INTERPRETED AS AN ATTEMPT TO RESTORE PRODUCER COOPERATION BY COMPROMISING DIVERGENT VIEWS OF PRODUCERS NOT PARTY TO PANAMA AGREEMENT AND ESPECIALLY ECUADORIANS (WHO TRADE ADVISERS TO U.S. DELEGATION, FAO OFFICIALS AND OTHER DELEGATES REPORTED AS BEING CATAGORICALLY OPPOSED TO EXPORT TAX). PREFERENCE AREA BANANA EXPORTERS IN CORRIDOR CONVERSATIONS OPPOSED TAX ACTION OPENLY AND REPORTEDLY MADE LIKE PROTEST IN SUBGROUP AT EXPORTERS MEETING.

4. IMPORTING COUNTRIES RECOGNIZED THAT SUBGROUP OF EXPORTERS HAD AUTHORITY TO PROPOSE WORKING PARTY WITHOUT PLENARY SUPPORT, AND CONSIDERED THAT SUBGROUP PROPOSAL WAS DESIGNED TO INDICATED CENTRAL AMERICAN ACTIONS LEADING TO PANAMA AGREEMENT AND ALSO TO ENDORSE FUTURE UNILATERAL EXPORTER ACTIVITIES. IMPORTERS RESISTED ENDORSING REPORT AND PROPOSED INSTEAD THAT REPORT BE ONLY NOTED BY PLENARY. HOWEVER, AFTER MUCH DEBATE IT WAS AGREED TO NOTE REPORT AND WITH STRONG SUPPORT FROM FAO SECRETARIAT TO HAVE IT SUBMITTED AS AN ANNEX TO SPECIAL SESSION FINAL REPORT. THIS ONLY SUBSTANTIVE ISSUE DEVELOPED FROM MEETING.

5. ALTHOUGH IT WAS CLEAR FROM LIMITED DEBATE ON PRICING POLICY THAT EXPORTERS VIEWED BREMEN DECLARATION AS BROAD AUTHORITY TO PURSUE EXPORTER PRICE OBJECTIVES, U.S.AND OTHER IMPORTING UNCLASSIFIED

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COUNTRIES EMPHASIZED THAT BREMEN DELCARATION ENCOMPASSES NEEDS OF BOTH EXPORTERSAND CONSUMERS AND MUCH CARE WAS TAKEN TO INSURE THAT BREMEN DECLARATION WAS NEITHER MIS-QUOTED NOR REPORTED OUT OF CONTEXT. IN THIS CONNECTION, FAO SECRETARIAT WAS OF LITTLE ASSISTANCE.

6. BECAUSE OF EXTENSIVE TIME DEVOTED TO SUBGROUP OF EXPORTERS MEETING, ONLY PERFUNCTORY REVIEW GIVEN TO AGENDA ITEMS 4 AND

5.

7. U.S. WAS SUPPORTED BY MOST IMPORTING COUNTRIES IN ITS OBJECTION TO UNILATERAL CARTEL-LIKE ACTIONS BY GROUPS OF EXPORTERS TO RAISE PRICES ARTIFICIALLY. THIS REFLECTED IN FINAL REPORT.VOLPE

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